

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

COMSTOCK OFFSHORE, LLC

AI # 85969

**PROCEEDINGS UNDER THE LOUISIANA
ENVIRONMENTAL QUALITY ACT
LA. R.S. 30:2001, ET SEQ.**

* Settlement Tracking No.
* SA-AE-05-0037
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* Enforcement Tracking No.
* AE-PP-05-0103
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SETTLEMENT

The following Settlement is hereby agreed to between Comstock Offshore, LLC ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

I

Respondent is a corporation who operates the Caillou Boca Tank Battery-Ship Shoal Block 44, a natural gas, oil, and produced water separation facility located at 15.5 miles southwest of Cocodrie in Terrebonne Parish, Louisiana ("the Facility").

II

On June 16, 2005, the Department issued a Notice of Potential Penalty, Enforcement No. AE-PP-05-0103, to Respondent which was based upon the following findings of fact:

On or about May 16, 2005, a file review of Caillou Boca Tank Battery-Ship Shoal Block 44, owned and/or operated by Comstock Offshore, LLC (Respondent), was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and

the Air Quality Regulations. The facility is located 15.5 miles southwest of Cocodrie in Terrebonne Parish, Louisiana.

The following violation was noted during the course of the file review:

The Respondent owned and/or operated the facility from August 14, 1998 to May 4, 2005, prior to receiving an air permit. Air Permit No. 2880-00264-V0 was issued to the facility on May 5, 2005. The construction, modification, or operation of a facility which may ultimately result in an initiation or increase in emission of air contaminants prior to approval from the permitting authority is a violation of LAC 33:III.501.C.2 and Sections 2057(A)(1) and 2057(A)(2) of the Act.

III

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

IV

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of TWO THOUSAND AND NO/100 DOLLARS (\$2,000.00) of which Three Hundred Fifteen and 24/100 Dollars (\$315.24) represents DEQ's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to DEQ as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

V

Respondent further agrees that the Department may consider the inspection report(s), the Notice of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against

Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VI

This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

VIII

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Terrebonne Parish, Louisiana. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted a proof-of-publication affidavit to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

IX

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Darryl Serio, Office of Management and Finance, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

X

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XI

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his/her respective party, and to legally bind such party to its terms and conditions.

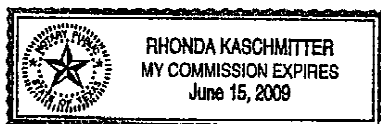
COMSTOCK OFFSHORE, LLC

BY: [Signature]
(Signature)

Mack Good
(Print)

TITLE: VP Operations

THUS DONE AND SIGNED in duplicate original before me this 7th day of February, 20 07, at Frisco, Texas.



Rhonda Kaschmitter
NOTARY PUBLIC (ID # _____)

Rhonda Kaschmitter
(Print)

LOUISIANA DEPARTMENT OF
ENVIRONMENTAL QUALITY
Mike D. McDaniel, Ph.D., Secretary

BY: [Signature]
Harold Leggett, Ph.D., Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 4th day of June, 20 07, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 21673)

G. Allen Kinkadee
(Print)

Approved: [Signature]
Harold Leggett, Ph.D., Assistant Secretary